

APPENDIX I

EXHIBIT B-1

COMMUNITY FACILITIES DISTRICT NO. 93-1

SERIES 1993A FACILITIES FACILITIES¹

A. County of Riverside

1. Intersection of Heartland Access and San Timoteo Canyon Road (Design/Permitting Only)

Estimated Cost: \$75,000
Actual Cost: \$75,000
Status: completed

2. Grade Separation of Heartland Access and Railroad serving San Timoteo Canyon Road (Design/Permitting Only)

Estimated Cost: \$150,000
Actual Cost: \$150,000
Status: completed

3. Transition to Grade Separation of Southwest Properties Access to State Highway 60 at Jack Rabbit Trail and/or 1± Mile east of Jack Rabbit Trail (Design/Permitting Only)

Estimated Cost: \$75,000
Actual Cost: \$75,000
Status: completed

B. Riverside County Flood Control and Water Conservation District

1. Bridge Crossing of Heartland Access at San Timoteo Canyon Road (Design/Permitting Only)

Estimated Cost: \$150,000
Actual Cost: \$150,000
Status: completed

2. Marshall Creek between Cougar Way and State Highway 79 (Beaumont Avenue)

Estimated Cost: \$1,500,000
Actual Cost: \$228,923
Status: completed

C. Beaumont Cherry Valley Water District

¹ Includes all estimated costs required for facilities construction including engineering, planning, environmental, project management, plan check, inspection, contingency, surveying, geographical information system, issuance costs and certain administrative costs.

1. Singleton Unit Well Test Well
[Water Recognizance Report]

Estimated Cost: \$150,000
Actual Cost: included in #2 below
Status: completed
2. Wastewater Reclamation System System²
[includes Aquifer Recharge and Recovery Well, percolation pond appraisal, Plan of Study, fee credits and Master Water Plan update]

Estimated Cost: \$1,500,000
Actual Cost: \$363,001
Status: 95% complete
3. Master Water Plan Update

Estimated Cost: \$75,000
Actual Cost: \$70,000
Status: completed
4. Master Reclamation Plan (Design/Permitting Only)

Estimated Cost: \$30,000
Actual Cost: \$30,000
Status: completed
5. KSE Water

Estimated Cost: \$500,000
Actual Cost: \$57,294
Status: 15% complete
6. Southwest Properties Water (Design/Permitting Only)

Estimated Cost: \$150,000
Actual Cost: \$106,028
Status: 70% complete
7. Rolling Hills Water

Estimated Cost: \$1,000,000
Actual Cost: \$436,282
Status: completed
- D. San Geronio Pass Water Agency
 1. No Facilities Planned in Bond Series 1993A
- E. Beaumont Unified School District
 1. No Facilities Planned in Bond Series 1993A

² Includes alternate sources of new water supply

F. California Department of Transportation (CALTRANS)

1. Grade Separation, Access Ramps and Frontage Roads for Southwest Properties
Access to State Highway 60 at Jack Rabbit Trail and/or 1 ± Mile east of Jack
Rabbit Trail (Design/Permitting Only)

Estimated Cost: \$500,000

Actual Cost: \$645,488

Status: completed

EXHIBIT B-2

**ADDITIONAL BCVWD FACILITIES
(Westside Infrastructure Project)**

<u>Additional BCVWD Facilities (Westside Infrastructure Project)</u>	<u>Estimated Cost</u>	<u>AD No. 98-1 Percentage</u>	<u>CFD No. 93-1 Percentage</u>
A. Series 2000A Bonds Facilities			
1. Taylor Reservoir and Well	\$2,329,500	88 %	12 %
2. Transmission Mains	\$5,337,500	88 %	12 %
2. Water Reclamation Facilities	\$ 75,000	88 %	12 %
3. Planning & Engineering	\$1,490,029	88 %	12 %
4. Contingency	\$ 348,788	88 %	12 %
B Series "B" Facilities			
1. Mt. Davis Reservoir and Well	\$2,366,500	88 %	12 %
2. Transmission Mains	\$4,310,000	88 %	12 %
3. Water Reclamation Facilities	\$2,000,000	88 %	12 %
4. Planning & Engineering	\$1,368,684	88 %	12 %
5. Contingency	\$ 333,825	88 %	12 %
C Joint and Individual Facilities (as may be determined by AD No. 98-1 Property Owners)			

**AMENDED AND RESTATED
JOINT FINANCING AGREEMENT
BETWEEN CITY OF BEAUMONT COMMUNITY
FACILITIES DISTRICT NO. 93-1 AND
BEAUMONT-CHERRY VALLEY WATER DISTRICT**

THIS AMENDED AND RESTATED JOINT FINANCING AGREEMENT (the "Agreement") is made and entered into as of December 1, 1999 by and between the CITY OF BEAUMONT COMMUNITY FACILITIES DISTRICT NO. 93-1, a legally constituted governmental entity organized and existing pursuant to Chapter 2.5 of Part 1 of Division 2 of Title 5 of the California Government Code (hereinafter "CFD No. 93-1"), the CITY OF BEAUMONT, a municipal corporation and public agency of the State of California (hereinafter "City"), and BEAUMONT-CHERRY VALLEY WATER DISTRICT, a public agency organized and existing pursuant to Division 11 (commencing with Section 20500) of the California Water Code (hereinafter "BCVWD").

RECITALS

A. CFD No. 93-1 and BCVWD have previously entered into the Joint Financing Agreement (the "1993 Joint Financing Agreement") made and entered into as of June 29, 1993 to set forth the terms and conditions under which CFD No. 93-1 would finance the construction of certain potable and reclaimed water facilities to be owned and operated by BCVWD (the "BCVWD Facilities") and under which the BCVWD Facilities would be designed and constructed; and

B. The facilities financed by the first series of special tax bonds (hereinafter the "Series 1993A Facilities") are as depicted and enumerated in Exhibit "B-1," which is attached hereto and incorporated herein. The balance of the Facilities are proposed to be constructed in the future and financed with subsequent series of special tax bonds of CFD No. 93-1 or another financing district established therefor.

C. CFD No. 93-1 and BCVWD entered into the 1993 Joint Financing Agreement which set forth the process whereby lands would be annexed into CFD No. 93-1 to finance and construct the BCVWD facilities and desire to enter into this Agreement pursuant to Section 53316.2, 53316.4 and 53316.6 of the Mello-Roos Community Facilities Act of 1982, as amended, being Section 53311 et seq. of the California Government Code (hereinafter the "Act"), and City and BCVWD desire to enter into this Agreement pursuant to Section 10110 of the Streets and Highways Code.

E. City, BCVWD and the San Geronio Pass Water Agency have previously entered into the San Geronio Pass Water Agency Water Facilities Master Plan Cooperative Agreement dated as of March 15, 1993 whereby the City, BCVWD and the Agency recognize the need to cooperate in a long-term program to maintain safe groundwater management practices, to establish funding mechanisms to provide for the acquisition and development of new sources of water supply, including reclaimed water and imported water, in such a way as to protect and preserve the existing water supply; and

D. City and BCVWD have previously entered into the Cooperative Agreement made and entered into as of March 8, 1993 by and between the City and BCVWD to cooperate to implement mutually beneficial plans and programs to insure logical and orderly economic development in the City and the City sphere of influence and safe groundwater management practices in the service area of the BCVWD and to negotiate and prepare a Reclaimed Water

Purchase Agreement; and

F. City and BCVWD have previously entered into the Implementation Memorandum of Understanding Relating to Cooperative Agreement Between the City of Beaumont and the Beaumont Cherry Valley Water District (the "Reclaimed Water Implementation Memorandum of Understanding") made and entered into as of March 1998 to provide for the construction, ownership, operation and maintenance by the City of necessary modifications to the wastewater treatment plant and a recycled water distribution system for the City to deliver recycled water to customers and potential customers within the City, the City's sphere of influence and BCVWD; and

G. BCVWD has entered into the Water Main Extension and Facilities Construction Agreement dated as of September 1, 1989 by and between BCVWD and Westbrook Oak Valley LLC ("Westbrook," as successor in interest to Landmark Land Company of California, Inc.) regarding acquisition and construction of water main system and facilities as shown on the BCVWD approved plans entitled: Water Improvement Plans, consisting of 12 sheets as approved by BCVWD; and

H. BCVWD has entered into a Memorandum of Agreement executed as of January 4, 1989 between BCVWD and Oak Valley (as successor to Landmark Land Company of California, Inc.) by which property was annexed to BCVWD and Oak Valley constructed a well to furnish water to the golf course and is to construct on-site water lines to serve the commercial subdivision and reasonable off-site water lines and improvements to connect water systems with on-site water pipelines; and

I. BCVWD has entered into an Agreement for Annexation of Property to Beaumont-Cherry Valley Water District and Fixing Terms and Conditions thereof as of June 22, 1989 by and between BCVWD and Oak Valley (a successor to Landmark Land Company of California, Inc.) whereby property was annexed to the BCVWD and the owner was to construct and/or install the on-site and off-site water system facilities and appurtenances including a 16" water main along Fourteenth Street, rehabilitation of Well No. 55, provision of a trailer-mounted portable generator, pay the acquisition price of a reservoir site north of the property, construct an additional reach of the 16" water main and construct a 2.5 million gallon reservoir and appurtenances; and

J. Westbrook has petitioned the City to include the Westbrook property within a proposed Improvement Area No. 14 of CFD No. 93-1 as set forth in the 1993 Joint Financing Agreement and the property is also included within a proposed Assessment District No. 98-1 which the City has received petitions which will provide a financing mechanism to construct the reservoir, generator and extension of the 16" water main; and

K. The reservoir, generator and water mains may be financed in part with proceed of bonds issued by CFD No. 93-1 and in part with proceeds of bonds issued by the City with respect to Assessment District No. 98-1; and

L. CFD No. 93-1, BCVWD and the City desire to amend and restate the 1993 Joint Financing Agreement (i) to provide for the issuance of bonds by CFD No. 93-1 and by the City with respect to Assessment District No. 98-1 or another financing district and, (ii) to provide for the annexation of property to CFD No. 93-1, Assessment District No. 98-1 or the creation by the City of another financing district in the future, and (iii) to amend the BCVWD Facilities set forth

in the 1993 Joint Financing Agreement to include the reservoir, water mains and other water facilities in order to provide for their acquisition and construction and to provide for BCVWD acceptance of such facilities upon completion in accordance with the terms of the 1993 Joint Financing Agreement.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained, the parties agree as follows:

A G R E E M E N T

1. Sale of Bonds and Use of the Proceeds. CFD No. 93-1 has issued the Series 1993A Bonds and will proceed with the issuance and sale of any subsequent series of bonds at such time and in such amount as CFD No. 93-1, in its sole discretion, may determine is appropriate. The proceeds of the Series 1993A Bonds have been or will be used, in part, to construct, on behalf of BCVWD, the BCVWD Facilities for the estimated dollar amounts shown in Section C of Exhibit "B-1" hereto. The City will proceed with the issuance and sale of its series of bonds with respect to Assessment District No. 98-1 or another financing district, at such time and in such amount as the City, in its sole discretion, may determine is appropriate. Additional BCVWD Facilities are proposed to be financed by subsequent series of bonds to be sold by CFD No. 93-1 or by the City with respect to Assessment District No. 98-1 or another financing district. Prior to the authorization of a subsequent series of bonds for additional BCVWD Facilities not set forth in Exhibit "B-1" or Exhibit "B-2" hereof, a separate exhibit and amendment to the Agreement will be entered into by the parties hereto, with respect to such additional BCVWD Facilities. CFD No. 93-1 and the City shall make disbursements out of the proceeds of their respective series of bonds to pay such costs and certain other incidental costs as hereinafter described. Such proceeds, however, may be expended by CFD No. 93-1 or the City, respectively, for any lawful purpose, including the financing of Facilities (other than the Series 1993A Facilities or the BCVWD Facilities set forth in Exhibit "B-2") required to serve land within CFD No. 93-1, Assessment District No. 98-1 or another financing district and in accordance with the BCVWD Master Facility Plan. However, no such diversion shall occur with respect to the BCVWD Facilities set forth in Exhibit "B-1" or indicated in Exhibit "B-2" as being financed with CFD No. 93-1 Series 2000A Bonds or Assessment District No. 98-1 Series 2000A Bonds without the consent of BCVWD. CFD No. 93-1 and the City shall each strictly account for the disbursements of the proceeds of their respective bonds. The proceeds of any special tax levied by CFD No. 93-1 shall be utilized exclusively by CFD No. 93-1 for debt service, administration and services as provided in the proceedings establishing CFD No. 93-1 in accordance with Section 53316.6 of the Act. The proceeds of any assessments levied by the City with respect to Assessment District No. 98-1 or another financing district shall be utilized exclusively by the City for debt service and administration as provided in the applicable proceedings.

2. Design and Construction of the BCVWD Facilities. Improvement plans for the BCVWD Facilities are to be prepared by registered and licensed civil engineers retained by BCVWD, CFD No. 93-1 or the City, consistent with the procedures and policies of the City and standards of BCVWD and as set forth in this Agreement. The costs of the design and construction of said facilities, including the administrative and legal costs, shall be paid by CFD No. 93-1 and/or the City pursuant to a payment request from the proceeds of the sale of the applicable series of bonds up to the budgeted amount listed in Exhibit "B-1" or Exhibit "B-2" in accordance with this Agreement. All contracts for the BCVWD Facilities shall be awarded and administered by the City in accordance with Section 8 hereto, as public works projects

consistent with the applicable sections of the California Public Contract Code, Labor Code, Civil Code and Government Code. The contractor or contractors who will construct the BCVWD Facilities, or any portion thereof, shall be required to provide performance and payment bonds, each in a principal amount equal to 125% of the contract price plus 20% contingency and naming BCVWD, CFD No. 93-1 and the City as obligees. Said contractor or contractors shall also be required to name CFD No. 93-1, the City and BCVWD, and the employees, officers, directors, agents and consultants of each as additional insureds under a policy of general liability insurance in the amount of Two Million Dollars (\$2,000,000) per occurrence. The bid and contract documents shall include the bond and insurance requirements as set forth herein or as determined by mutual agreement of CFD No. 93-1, the City and BCVWD at the time of advertising for bids and said requirements shall not be less than those stated above. The parties acknowledge that design and engineering costs of the BCVWD Facilities may be paid by the City or BCVWD from deposits made by property owners or developers within CFD No. 93-1, Assessment District No. 98-1 or another financing district, in contemplation of reimbursement according to Section 4 below from the proceeds of bonds issued by CFD No. 93-1 or the City with respect to Assessment District No. 98-1 or another financing district.

3. Design and Construction Budget of the BCVWD Facilities. Section C of Exhibit "B-1" and Exhibit "B-2" set forth the budgets for the design, engineering and construction of the BCVWD Facilities. In addition to the cost of engineering and design, specification and bid preparation, and the construction of the BCVWD Facilities, such costs may include, without limitation, the estimated costs of permits, licenses, easements, land, engineering, inspection and legal fees, construction contingency and a share of the general and administrative costs of BCVWD, CFD No. 93-1 and the City reasonably devoted to the design, approval and inspection of the BCVWD Facilities.

4. Engineering and Design of the BCVWD Facilities. ~~BCVWD, with the agreement of CFD No. 93-1 and the~~ The City, shall retain such qualified consultants, including properly qualified registered civil engineers (hereinafter these engineers may individually or collectively be referred to as the "Design Engineer") to design and prepare detailed bid documents, construction plans and specifications (hereinafter the "Bid Documents") for the BCVWD Facilities, including required system layout drawings, geotechnical reports and construction plan-profile drawings, in accordance with BCVWD's standard design criteria. The Bid Documents shall be submitted along with required plan check deposits and will be reviewed and approved (or rejected) within a reasonable period following their submission. Upon final approval of said plans by BCVWD, CFD No. 93-1 and the City, CFD No. 93-1 and/or the City, as applicable, shall prepare and submit a Payment Request Form as provided by the Fiscal Agent Agreement entered into by the City and the Fiscal Agent designated for CFD No. 93-1 or as provided by the Fiscal Agent Agreement entered into by the City and the Fiscal Agent designated for Assessment District No. 98-1 or for another financing district (each hereinafter a "Fiscal Agent Agreement" or together the "Fiscal Agent Agreements") for payment of all reasonable costs incurred by BCVWD, CFD No. 93-1 or the City, including reimbursements to property owners, for engineering, design and plan preparation for said facilities as approved by the City. CFD No. 93-1 and the City shall reimburse to BCVWD or the City from the proceeds of the sale of the applicable series of bonds such amounts as are necessary to pay the reasonable administration costs of BCVWD or the City incurred in the design and plan check process.

5. State Highway, County Road and City Street Construction, Operation and Maintenance Permits for the BCVWD Facilities. For those portions, if any, of the BCVWD

Facilities which are to be constructed by CFD No. 93-1 or the City within a County road, City street and/or state highway, at the expense of CFD No. 93-1 or the City with respect to Assessment District No. 98-1 or another financing district, CFD No. 93-1 or the City, as applicable, shall be responsible for obtaining a construction permit from the appropriate governmental agency covering the construction and installation of the BCVWD Facilities. At the time such construction permit is obtained by CFD No. 93-1 or the City, the appropriate governmental agency will have issued an Operate and Maintain Permit to BCVWD, which will become effective upon the completion of said BCVWD Facilities and acceptance of the ownership thereof by BCVWD.

6. Construction Responsibility. BCVWD hereby acknowledges that the City Manager of the City, or his designee, shall serve as the Contract Administrator (hereinafter the "Contract Administrator"). The Contract Administrator shall be responsible for soliciting bids and awarding and administering contracts for the BCVWD Facilities in accordance with the terms and conditions described in this Agreement; provided, however, that such responsibility may be delegated to a consultant or consultants as deemed appropriate by the Contract Administrator. BCVWD, through its Field Inspector (hereinafter defined in Section 10), shall be responsible for inspection and approval of placement of the pipe and compaction of backfill during construction of the BCVWD Facilities. The Contract Administrator is to work with the City Department of Building and Safety, BCVWD and the Field Inspector to insure that all inspections are performed in a timely manner. The Contract Administrator may perform his/her responsibilities for coordination of construction contracts and notification of inspections through a "Resident Engineer."

7. Preliminary Coordination Meeting. The Contract Administrator, Design Engineer, Resident Engineer, and representatives from BCVWD shall meet for purposes hereinafter set forth, upon the written request of CFD No. 93-1 or the City (hereinafter the "Preliminary Coordination Meeting"). At the Preliminary Coordination Meeting the schedule for construction of the BCVWD Facilities and inspection approvals will be mutually determined by the parties. It is the intent of the parties to mutually agree to the sequence and timing of construction of the BCVWD Facilities in a manner calculated to not unduly delay progress in completion of the construction of the Facilities.

8. Solicitation of Bids. Prior to the offering of any BCVWD Facility for bid, the Contract Administrator shall, in consultation with representatives of BCVWD, determine whether the particular bid set will be offered by the City. The contract documents shall specify that construction must be performed in compliance with appropriate sections of the California Public Contract Code, Labor Code and Civil Code.

9. Bid Awards. On behalf of CFD No. 93-1 and the City, the Contract Administrator shall recommend to the City Council of the City that it award contracts for the BCVWD Facilities in compliance with the applicable sections of the California Public Contract Code, Labor Code and Civil Code. The BCVWD Facilities shall be constructed by a contractor or contractors licensed by the State of California (hereinafter the "Contractor"). Prior to the award of any bid for any BCVWD Facilities, CFD No. 93-1 and the City shall determine that there are sufficient funds in the Construction Accounts (hereinafter the "Construction Accounts") established by the Fiscal Agent Agreements, or other funds of BCVWD, to cover the bid award for each Facility. No award of a contract for any BCVWD Facility shall be made unless funds, not otherwise committed, are available to cover the contract award, including a contingency amount equal to fifteen percent (15%) of the contract price and all costs of inspecting and administering said

contract.

10. Construction of the Facilities.

(a) Preconstruction Meeting. Prior to the commencement of construction, the Contract Administrator shall schedule a meeting (hereinafter the "Preconstruction Meeting") among the Contractor(s), the Design Engineer, the Resident Engineer and the Field Inspector.

(b) Matters Submitted for Review and Approval. BCVWD will have final approval of all field design changes. All matters submitted to BCVWD during actual construction by the Contract Administrator, the Design Engineer, and/or the Resident Engineer for review and approval shall receive a timely response and no response shall exceed ~~fifteen (15)~~ ten (10) working days from date of submission to BCVWD.

(c) Inspection. BCVWD will designate a field inspector (hereinafter the "Field Inspector") who will be responsible for inspecting construction of the BCVWD Facilities consistent with Section 15 of this Agreement and will be responsible for reviewing and concurring in all Payment Request Forms with regard to the BCVWD Facilities.

(d) Payment. CFD No. 93-1 and the City, as applicable, shall make payments for completed work, less retentions, in accordance with the payment schedule determined at the Preconstruction Meeting. The payment schedule shall be consistent with the Bid Documents that will have been reviewed and approved by BCVWD and the budget figures indicated in Exhibit "B-1" and Exhibit "B-2" hereto. Upon concurrence and sign-off by the Field Inspector of any such Payment Request Form, CFD No. 93-1 and the City shall cause the Fiscal Agents to make payments in the requisite amounts to those entities or individuals designated on the Payment Request Form consistent with the provisions of this Agreement.

11. Change Orders. All change orders regarding the BCVWD Facilities are to be reviewed by CFD No. 93-1 and the City and approved in writing by the Contract Administrator and the Design Engineer. Change orders necessitated by site conditions shall be financed and paid for by CFD No. 93-1 and the City upon confirmation that funds are available for such purposes or the water facilities shall be downsized to offset the shortfall. Sources of available funds shall be (a) contingency line item for water facilities; (b) other contingency amounts for completed facilities; (c) other grant or loan funds identified by the City or (d) contribution from affected property owner or developer.

12. Shortfall. In the event the lowest acceptable bids would cause the total cost provided in the budget for the BCVWD Facilities to exceed the budgeted amount indicated in Exhibit "B-1" or Exhibit "B-2" hereto, CFD No. 93-1 and the City shall notify and confer with BCVWD to determine the source of payment of such excess amounts prior to the award to the acceptable bidder. Such source shall be either (i) additional funds of CFD No. 93-1, (ii) additional funds of the City with respect to Assessment District No. 98-1 or another financing district or (iii) the landowners or developers benefitting from the BCVWD Facilities which caused such budget overrun.

13. Use of Funds. CFD No. 93-1 and the City shall use the amounts in the Construction Accounts, as indicated in Exhibit "B-1" and Exhibit "B-2" hereto, for the payment of the design and construction costs of the BCVWD Facilities. CFD No. 93-1 and the City shall

strictly account for the expenditure of such proceeds according to generally accepted accounting practices. It is the intention of the parties that payments from the Construction Accounts shall be made only in connection with a Payment Request Form for costs and expenses paid or incurred, including, without limitation, any amounts owing under any construction contract entered into for the BCVWD Facilities. CFD No. 93-1 and the City shall account for, deposit, invest and reinvest such funds in the manner required by the Fiscal Agent Agreements.

14. Improvement Security. Any BCVWD Facility or portion thereof for which the a series of bond have been sold shall not be the subject of a subdivision improvement bond or other security pursuant to Government Code Section 66499.

15. Inspection. Construction of the BCVWD Facilities shall be subject at all times to inspection by the Field Inspector, or his designated representative. The Field Inspector, or his designated representative, shall inspect the furnishing, construction and installation of said BCVWD Facilities to assure compliance with BCVWD's approved construction plans and specifications. During the planning process, BCVWD shall secure all encroachment permits necessary for the construction of the BCVWD Facilities, the cost of which permits shall be borne by CFD No. 93-1 and the City with respect to Assessment District No. 98-1 or another financing district. Inspection shall be the responsibility of the Field Inspector and shall be done in a timely manner consistent with the approved schedule established at the Preconstruction Meeting. The Field Inspector shall have the authority to enforce the BCVWD approved construction plans and specifications for said BCVWD Facilities, which authority shall include the authority to require that any and all unacceptable materials, workmanship and/or installation be replaced, repaired or corrected. In addition, the contractor(s) shall be required under the approved construction specifications to repair any and all installed facilities which have been damaged by any party prior to BCVWD's final acceptance of said BCVWD Facilities for ownership, operation and maintenance, which final acceptance shall follow final inspection and testing of said BCVWD Facilities after completion thereof. Contractor(s) will be required to: (i) make the corrections and/or repairs determined by the Field Inspector to be necessary and consistent with the approved construction specifications, and (ii) provide a one (1) year materials and workmanship guarantee, the precise nature of which will be agreed upon by CFD No. 93-1, the City and BCVWD, providing that such Contractor(s) will repair, at its (their) expense, all failures of facilities which it (they) furnished, installed and/or constructed due to faulty materials or installation, including settlement of backfill within said one-year period.

16. Field Engineering Surveys and Compaction Tests. If deemed necessary by the Contract Administrator, a qualified engineering firm (hereinafter the "Field Engineer") shall be employed by the CFD No. 93-1 or the City as a consultant, under the direction of the Contract Administrator, to provide all field engineering surveys associated with the construction of the BCVWD Facilities which are determined to be necessary by the Contract Administrator, Design Engineer, the Contractor(s) and/or the Field Inspector. The Field Engineer shall promptly furnish to CFD No. 93-1, the City and BCVWD a complete set of grade sheets listing all locations, offsets, etc., in accordance with good engineering practices, and attendant data and reports resulting from Field Engineer's engineering surveys and/or proposed facility design changes and allow CFD No. 93-1, the City and BCVWD sufficient time to approve or make any required facility design changes resulting therefrom prior to construction.

The cost of all compaction tests and report costs associated with BCVWD Facilities furnished and constructed by contractor(s) shall be included among the costs which are to be paid from the Construction Account. The Field Engineer shall promptly furnish results of all

such compaction testing to CFD No. 93-1, the City and BCVWD for its review, evaluation and decision as to compliance with applicable specifications.

17. Completion of BCVWD Facilities. Upon completion of construction of any of the BCVWD Facilities listed in Exhibit "B-1" or Exhibit "B-2" hereto, as determined by the Field Inspector, CFD No. 93-1 or the City, as applicable, shall notify BCVWD in writing of such completion and shall prepare and cause the City Council of the City to accept and file the Notice of Completion as to such Facilities, record said Notice with the Office of the Recorder of the County of Riverside, State of California, and cause the Contractor and all subcontractors to provide lien and material releases.

18. Conveyance of Title. Title to the land or rights-of-way on and over property within CFD No. 93-1, Assessment District No. 98-1 or another financing district on which the BCVWD Facilities have been or will be constructed shall be free of all liens and encumbrances, except easements and other matters of record that will not interfere with construction, use and maintenance of the BCVWD Facilities. The property owners, CFD No. 93-1 and the City, as appropriate, shall cause transfer of title to such land or rights-of-way on such documents as BCVWD may prescribe. It is anticipated that a substantial portion of the BCVWD Facilities have been or will be constructed within public streets and rights-of-way dedicated to the City and other public entities. Any easements granted to facilitate construction prior to such dedications shall provide that the easement right conveyed will expire upon dedication and acceptance of such area as a public right-of-way. As to portions of the BCVWD Facilities that have been or will be constructed on land that would otherwise remain in private ownership, the provisions of Section 19 of this Agreement shall control. It is anticipated that, depending on decisions made by CFD No. 93-1, the City and BCVWD with regard to BCVWD Facilities at the Preconstruction Meeting, such conveyances of land and easements are to be made prior to commencement of construction and that upon completion of construction such land and rights-of-way associated with said BCVWD Facilities will be conveyed to BCVWD.

In addition, upon completion of the BCVWD Facilities, and written acceptance thereof by BCVWD, CFD No. 93-1, the City or the property owners, as appropriate, shall execute and deliver, without any cost or expense to BCVWD, a Bill of Sale, in form and content acceptable to BCVWD, the City and CFD No. 93-1, conveying all right, title and interest in and to all of the BCVWD Facilities. The Bill of Sale shall include a warranty by CFD No. 93-1, the City or the property owners, that such right, title and interest is free and clear of any and all encumbrances except those encumbrances that will not interfere with use and maintenance of the BCVWD Facilities.

19. Easements Involving Private Property. For those portions, if any, of the BCVWD Facilities which are to be constructed within and across private property, CFD No. 93-1 and the City shall, before any such construction begins, obtain easement documents, which are satisfactory to BCVWD as to location, width, content and form, which have been duly executed by the involved property owners and which assure BCVWD's unequivocal right to own, operate, maintain, replace, repair and provide service from and through the involved BCVWD Facilities.

20. Acceptance. BCVWD agrees to accept title to, and provide service through, the BCVWD Facilities, subject to certification by BCVWD that such Facilities have been completed in accordance with the plans and specifications approved by BCVWD and provided that title to the BCVWD Facilities is free of all liens and encumbrances not otherwise acceptable to BCVWD. In this regard, it is specifically understood and agreed that BCVWD shall not be

obligated to accept title or to operate and provide service through the BCVWD Facilities until satisfactory final inspection and testing thereof by the BCVWD has been completed and all easement and deed documents have been received by BCVWD.

21. Use of BCVWD Facilities. Upon conveyance of title to the BCVWD Facilities and acceptance of ownership, said BCVWD Facilities shall become and remain the sole and separate property of BCVWD and shall be operated, maintained and utilized by BCVWD to serve the territory within CFD No. 93-1, Assessment District No. 98-1 and other lands pursuant to applicable BCVWD rules, regulations, policies and procedures as they may be amended from time to time by BCVWD's Board of Directors and subject to BCVWD facility capacity and water supply limitations which result from conditions that are beyond BCVWD's control, including, but not limited to, applicable regulations and/or limitations established by Federal, State, regional and local agencies.

22. Oversized Facilities and Connection Fee Credits. It is understood by all parties to this Agreement, that the issues of oversizing of facilities and connection fee credits have been addressed in other agreements between the parties and will be addressed in agreements between BCVWD and the property owners participating in CFD No. 93-1, Assessment District No. 98-1 or other financing districts. If necessary, the issue of oversizing will be reviewed in subsequent joint financing agreements when additional bonds are issued and sold by CFD No. 93-1 or by the City with respect to Assessment District No. 98-1 to pay for the construction of additional facilities to be owned and maintained by BCVWD.

BCVWD fees consist of several components, a portion of which represent capital facilities charges. BCVWD fees are normally required to be paid to BCVWD by a developer upon application for service for the property proposed for development. By the funding and construction of facilities through CFD No. 93-1, Assessment District No. 98-1 or another financing district, a developer or its successors and assigns, will be deemed to have fulfilled and mitigated its obligation with respect to the component(s) of such BCVWD fees (and conditions covered by the component of such fees relating to the development of such property) due with respect to the type of facility or facilities financed as hereafter described. In the event the costs of such facility or facilities are less than the component(s) of the BCVWD fees relating thereto due with respect to the property, the property owner shall be entitled to a partial fee credit for each parcel for such component(s) and the property owner shall be obligated to pay the remaining portion of the BCVWD fees for each parcel. In the event costs of such facility or facilities are greater than the component(s) of the BCVWD fees relating thereto due with respect to the property, the property owner shall not be entitled to any additional credits or any credits for other components of the BCVWD fees. However, when costs are greater than the component(s) of the BCVWD fees relating thereto, any other property which will use such facilities which has not paid for such facilities (e.g., by participating in CFD No. 93-1, Assessment District No. 98-1 or another financing district and that financing district providing funds for such costs) shall pay to BCVWD the then current development impact fees which BCVWD will then apportion among BCVWD and CFD No. 93-1, Assessment District No. 98-1 or another financing district based on water facilities acquired or constructed by BCVWD, CFD NO. 93-1, Assessment District No. 98-1 or another financing district for such other properties and the benefit conferred by the facilities to such properties. Development impact fees apportioned to CFD No. 93-1, Assessment District No. 98-1 or another financing district shall be used in accordance with applicable financing documents of CFD No. 93-1, Assessment District No. 98-1 or such other financing district.

23. Cooperative Agreement. The City and BCVWD have entered into a Cooperative Agreement (the "Cooperative Agreement") which addresses, inter alia, the facilities needs of BCVWD created by the development of land within CFD No. 93-1 and the financing of such facilities. The Cooperative Agreement provides several financing alternatives available to developers, including utilization of CFD No. 93-1 as a financing mechanism for said facilities. The Cooperative Agreement also allows for mitigation agreements between BCVWD and the developers within ~~CFD No. 93-1~~ any financing district which may provide an additional funding source for the BCVWD Facilities.

It is understood by all parties to this Agreement, that the issues relating to the amount and collection of school fees are addressed in other agreements between the parties and will be reviewed in subsequent joint financing agreements when additional bonds are issued and sold by CFD No. 93-1 or the City to pay for the construction of additional facilities to be owned and maintained by the BCVWD.

24. Maintenance. Prior to the transfer of ownership of the BCVWD Facilities to be constructed by CFD No. 93-1 or the City with respect to Assessment District No. 98-1 or another financing district, CFD No. 93-1 and the City shall be responsible for their maintenance. Upon acceptance of the BCVWD Facilities by BCVWD, BCVWD shall be solely responsible for the maintenance thereof and all rights, duties and obligations of CFD No. 93-1 and the City for said maintenance under this Agreement shall terminate.

25. Administrative Costs. All administrative costs related to the design, engineering, construction and inspection of the BCVWD Facilities of CFD No. 93-1, the City and BCVWD which include but are not limited to the reasonable cost of preparing the Bid Documents, all fees and costs incurred in obtaining permits, licenses, offsite rights-of-way or easements, inspection fees and land acquisition costs are provided for in Exhibit "B-1" and Exhibit "B-2". The parties recognize the amount of such costs may increase in the future. Subject to the limitations of the budget indicated in Exhibit "B-1" or Exhibit "B-2" hereto, CFD No. 93-1 or the City, as applicable, shall cause to be paid from the applicable Construction Account the reasonable administrative costs actually incurred by each party to this Agreement, up to the budgeted amount indicated in Exhibit "B-1" or Exhibit "B-2" hereto.

26. No CEQA Approval. CFD No. 93-1, the City and BCVWD agree that before the construction of any new facilities may be approved, proceedings under the California Environmental Quality Act ("CEQA") to determine the environmental impact of the BCVWD Facilities must be conducted by the City, and, based on that impact or lack thereof, determine if the BCVWD Facilities should be constructed. In entering into this Agreement, the parties acknowledge and agree that they have not prejudged the potential outcome of the CEQA proceedings, but are reaching accord in the event the plan to construct the BCVWD Facilities and related facilities receive CEQA approval.

27. No Obligations Assumed. Nothing herein shall be construed as requiring CFD No. 93-1 or the City to issue or sell a series of bonds or any subsequent series of bonds pursuant to the State law or any other law or regulation requiring the construction of the BCVWD Facilities.

28. Indemnification. CFD No. 93-1 shall assume the defense of, indemnify and hold harmless, BCVWD and the City and their officers, employees and agents, and each and every one of them, from and against all actions, damages, claims, losses and expenses of every type and description to which they may be subjected or put, by reason of, or resulting from, (i) the

actions of CFD No. 93-1 pursuant to this Agreement and (ii) the construction of the BCVWD Facilities by CFD No. 93-1; provided, however, that nothing in this paragraph shall limit, in any manner, BCVWD's or the City's rights against any of CFD No. 93-1's contractors. No provision of this Agreement shall in any way limit the extent of the responsibility of CFD No. 93-1 for payment of damages resulting from its own operations, including but not limited to the operations of any of its contractors, agents or employees.

CFD No. 93-1 hereby assures BCVWD and the City that any and all contractors employed by it shall furnish to BCVWD and the City certificates of insurance substantiating that they have obtained for the entire period of construction of any of the BCVWD Facilities a policy of workers' compensation insurance and a comprehensive general liability insurance policy with coverage broad enough to include the contractual obligations they have under the construction contract and having a combined single limit of liability in the amount of \$2,000,000. Said certificate of insurance shall include an endorsement naming the BCVWD, CFD No. 93-1, and the City, and their respective officers, employees and agents as additional insureds.

The City with respect to Assessment District No. 98-1 or another financing district, solely from funds available from or through Assessment District No. 98-1 or such other financing district, shall assume the defense of, indemnify and hold harmless, BCVWD and CFD No. 93-1 and their officers, employees and agents, and each and every one of them, from and against all actions, damages, claims, losses and expenses of every type and description to which they may be subjected or put, by reason of, or resulting from, (i) the actions of the City pursuant to this Agreement and (ii) the construction of the BCVWD Facilities by the City; provided, however, that nothing in this paragraph shall limit, in any manner, BCVWD's or CFD No. 93-1's rights against any of the City's contractors. No provision of this Agreement shall in any way limit the extent of the responsibility of the City for payment of damages resulting from its own operations, including but not limited to the operations of any of its contractors, agents or employees.

The City hereby assures BCVWD and CFD No. 93-1 that any and all contractors employed by it shall furnish to BCVWD and CFD No. 93-1 certificates of insurance substantiating that they have obtained for the entire period of construction of any of the BCVWD Facilities a policy of workers' compensation insurance and a comprehensive general liability insurance policy with coverage broad enough to include the contractual obligations they have under the construction contract and having a combined single limit of liability in the amount of \$2,000,000. Said certificate of insurance shall include an endorsement naming the BCVWD, CFD No. 93-1, and the City, and their respective officers, employees and agents as additional insureds.

BCVWD shall assume the defense of, indemnify and hold harmless CFD No. 93-1 and the City and their respective officers, employees and agents, and each and every one of them, from and against all actions, damages, claims, losses and expenses of every type and description to which they may be subjected or put, by reason of, or resulting from, the actions of BCVWD taken in the performance of this Agreement. No provision of this Agreement shall in any way limit the extent of the responsibility of BCVWD for the payment of damages resulting from its own operations or the operations of any of its contractors, agents or employees.

BCVWD hereby assures CFD No. 93-1 and the City that any and all contractors employed by it shall furnish to CFD No. 93-1 and the City certificates of insurance substantiating that they have obtained for the entire period of construction of any of the

BCVWD Facilities a policy of workers' compensation insurance and a comprehensive general liability insurance policy with coverage broad enough to include the contractual obligations they have under the construction contract and having a combined single limit of liability in the amount of \$2,000,000. Said certificate of insurance shall include an endorsement naming BCVWD, CFD No. 93-1, and the City, and their respective officers, employees and agents as additional insureds.

29. Reclaimed Water Facilities. Notwithstanding anything contained herein, this Agreement shall not supercede or modify the agreement between the City and BCVWD set forth in the Recycled Water Implementation Memorandum of Understanding. BCVWD Facilities constituting reclaimed water facilities, including modifications to the wastewater treatment plant, a reservoir for recycled water, a pumping station for pressurization of the system, and the recycled water distribution system for the City to deliver recycled water to customers and potential customers within the City, the City's sphere of influence and the District shall be constructed, owned, operated and maintained by the City, at its sole cost and expense, except as CFD No. 93-1 shall provide funding therefor. BCVWD shall have the right to review the plans for recycled water facilities prior to initiation of construction or installation by the City or CFD No. 93-1. BCVWD's review of plans shall not be deemed acceptance or approval by BCVWD of the sufficiency of said plans or as any other obligation in regard to construction or operation of said facilities. Nothing in this Agreement shall be deemed as participation by BCVWD in any activity by the City regarding the recycled water facilities or as acceptance of said facilities to any degree whatsoever.

30. Agreement under Section 10110 of the Streets and Highways Code. This Amendment No. 1 shall constitute the agreement among public agencies referenced in Section 10110 of the Streets and Highways Code.

31. No Joint and Several Liability. For those BCVWD Facilities financed partially by the City and partially by CFD No. 93-1, their obligation shall not be joint and several, but each shall be liable for its portion of the costs relating to such BCVWD Facility.

32. Effective Date and Termination. This Agreement shall become effective and of full force and effect as of its date of execution (the "Effective Date")

33. Notice. Any notice, payment or instrument required or permitted by this Agreement to be given or delivered to any party or other person shall be deemed to have been received when personally delivered or upon deposit of the same in the United States Post Office, registered or certified, postage prepaid, addressed as follows:

CFD No. 93-1:

City of Beaumont
Community Facilities District No. 93-1
550 E. Sixth Street
P.O. Box 158
Beaumont, California 92223
Attn: City Manager
TEL (909) 769-8520
FAX (909) 769-8526

City:

City of Beaumont

550 E. Sixth Street
P.O. Box 158
Beaumont, California 92223
Attn: City Manager
TEL (909) 769-8520
FAX (909) 769-8526

BCVWD: Beaumont Cherry Valley Water District
560 N. Magnolia Avenue
P.O. Box 2037
Beaumont, California 92223
Attn: General Manager
TEL (909) 845-9581
FAX (909) 845-0159

Each party may change its address for delivery of notice by delivering written notice of such change of address to the other parties ~~[within twenty (20) days of such change]~~.

34. Captions. Captions to sections of the Agreement are for convenience purposes only and are not part of this Agreement.

35. Severability. If any portion of this Agreement is declared by a court of competent jurisdiction to be invalid or unenforceable, such portion shall be deemed severed from this Agreement and the remaining parts shall remain in full effect as though such invalid or unenforceable provision had not been a part of this Agreement.

36. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

37. Entire Agreement. This Agreement contains the entire agreement between the parties with respect to the matters provided herein.

38. Amendments. This Agreement may be amended or modified only in writing signed by each of the parties.

39. Exhibits. The following exhibits attached hereto are incorporated into this Agreement by reference.

Exhibit Description

"A"	Boundary Map of CFD No. 93-1 Boundary Map of Assessment District No. 98-1 (Boundaries may change as additional areas are annexed)
"B-1"	Series 1993A Facilities Description and Construction Costs
"B-2"	Additional BCVWD Facilities Description and Estimated Construction Costs

40. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

41. Termination of the 1993 Joint Financing Agreement. Upon execution hereof, this Agreement shall supersede and replace the 1993 Joint financing Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

COMMUNITY FACILITIES DISTRICT
NO. 93-1 OF THE CITY OF BEAUMONT

By: _____
Mayor of the City Council, Ex
Officio the Legislative Body of
City of Beaumont Community
Facilities District No. 93-1

ATTEST:

By: _____
Clerk of the City Council, Ex
Officio the Legislative Body of
City of Beaumont Community
Facilities District No. 93-1

CITY OF BEAUMONT

By: _____
Mayor of the City Council

ATTEST:

By: _____
Clerk of the City Council

BEAUMONT CHERRY VALLEY WATER
DISTRICT

By: _____
President

ATTEST:

By: _____
Secretary

**BOUNDARY MAPS
OF
COMMUNITY FACILITIES DISTRICT NO. 93-1
(as of December 1, 1999)**

AND OF

**ASSESSMENT DISTRICT NO. 98-1
(as of December 1, 1999)**